

Message Text

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ACTION COME-00

INFO OCT-01 ARA-16 ISO-00 AID-20 CIAE-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 DOTE-00 DRC-01 /094 W

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P R 091455Z NOV 73

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC PRIORITY 9625

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

UNCLAS RIO DE JANEIRO 4151

FOR COMMERCE MPED

E. O. 11652: N/A

TAGS: BEXP, BR

SUBJ: RAILWAY CARS FOR BRAZIL

REF: STATE 219876 AND PREVIOUS

1. CONGEN OFFICER MET WITH REDE FERROVIARIA OFFICIALS WIGDER WILHELM STELLING, DIRECTOR, AND OSCAR LEITE PIRES, SUPERINTENDENT OF FINANCES, TO DISCUSS BID EXTENSION AND POSSIBLE FORTHCOMING VISIT TO BRAZIL BY PULLMAN-STANDARD TEAM. CONGEN ALSO ABLE RELAY TO REDE OFFICIALS FAVORABLE ACTION EXIM ON BANCO CENTRAL REQUEST \$110 MILLION PRELIMINARY COMMITMENT FOR REDE PURCHASE U.S. EQUIPMENT.

2. ACCORDING STELLING, VISIT BY PULLMAN WOULD BE HIGHLY WELCOMED BY REDE. HE SUGGESTED THAT THEY MEET PRINCIPALLY WITH DR. OTAVIO DE SOUZA, SUPERINTENDENT OF MATERIALS. SOUZA IS ALSO MOST IMPORTANT MEMBER OF COMMITTEE CREATED BY REDE TO HANDLE RAILWAY CAR BID.

3. STELLING ALSO STATED REDE WOULD RESPOND TO CONGEN
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REQUEST BID EXTENSION BY MONDAY NOVEMBER 12. DELAY

CAUSED BY REQUEST TO BANCO CENTRAL BY NATIONAL PRODUCERS RAILWAY CARS THAT LAW OF SIMILARITY APPLIES THIS INSTANCE WHICH PROHIBITS IMPORTS BY GOB AGENCY AND PRECLUDES UTILIZATION OF FOREIGN FINANCING. CONSEQUENTLY REDE MUST TURN TO BRAZILIAN INDUSTRY FOR SUPPLY.

4. WE ARE PERPLEXED BY THIS DEVELOPMENT ESPECIALLY AS WE UNDERSTAND BRAZILIAN PRODUCERS INCAPABLE SUPPLY MARKET. ACCORDING INDUSTRY SOURCES, RECENTLY FERROVIAS PAULISTAS S.A. PLACED ORDER FOR 1,400 RAILROAD CARS WITH THE THREE NATIONAL RAILROAD CAR PRODUCERS (MAFERSA, SANTA MATHILDE AND FABRICA NACIONAL DE VAGOES) WHICH, ADDED TO ORDERS ON HAND AND IN EXECUTION, REPORTDLY EXHAUSTS DOMESTIC INDUSTRY DELIVERY CAPABILITY FOR 1974. IN VIEW ADMITTED URGENCY WITH WHICH REDE REQUIRES CARS IT IS DIFFICULT TO SEE HOW BRAZILIAN PRODUCERS CAN JUSTIFY RESTRICTION OF IMPORTED CARS.

5. IN VIEW OF ABOVE CONGEN BELIEVES IT IS IMPERATIVE PULLMAN-STANDARD APPOINT SOONEST LOCAL AGENT WHO CAN SPEAK IN THEIR NAME AND ON THEIR BEHALF. LOCAL AGENT, WELL VERSED IN RAILWAY MATTERS AND WELL CONNECTED WITH REDE OFFICIALS, IS IN A MUCH STRONGER POSITION THAN CONGEN TO DISCUSS PROS AND CONS OF FOREIGN VERSUS DOMESTIC SUPPLY.

6. CONGEN BELIEVES THAT PULLMAN TEAM WHILE IN BRAZIL SHOULD ALSO CONSIDER VISITING SAO PAULO TO MEET WITH FERROVIAS PAULISTAS, AS WELL AS EXPLORE POSSIBILITY SUPPLY RAILWAY CARS FOR COMPANHIA VALE DO RIO DOCE/U.S. STEEL CARAJAS IRON ORE PROJECT. WE UNDERSTAND LATTER PROJECT MAY REQUIRE UP TO 1,000 RAILWAY CARS BY 1975. PULLMAN MAY ALSO TALK WITH COBEC (COMPANHIA BRASILEIRA DE ENTREPOSTOS DE COMERCIO) WHICH HAS OFFICES IN RIO. COBEC REPORTEDLY WILL BE ULTIMATE END-USER OF INITIAL TRANCHE OF 2,000 RAILWAY CARS.

7. CONGEN NOW ATTEMPTING OBTAIN ANSWERS TECHNICAL QUESTIONS POSED REFTEL. WOULD APPRECIATE NAMES AND ADDRESSES OF PULLMAN OFFICIALS TO WHOM INFORMATION SHOULD BE AIRMAILED DIRECTLY.

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BOONSTRA

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